Wholesale Client Notice: Potential Impact on Payment and Settlement Activity if JP Morgan Group Experiences a Material Adverse Event

This is a notice to inform our wholesale customers and account holders that JP Morgan Group’s (the “Firm”) ability to provide certain payment and settlement activities may be disrupted if we were to experience a material adverse event, including but not limited to, operational disruption caused by natural disaster or human error, misconduct, malfeasance or failure, disruption in the functioning of one or more payment systems or settlement venues for any reason or the implementation of our ‘resolution plan’\(^1\) in connection with JPMorgan Chase & Co.’s ("JPMC") material financial distress or failure.

In a potential resolution scenario, such as the one described in our resolution plan, or owing to certain other material adverse events, the Firm could face significant liquidity pressures and a heightened risk of being unable to fully fund payment or settlement-related obligations for our wholesale clients, potentially resulting in a disruption of payment or settlement activities at one or more venues. Under such conditions, the Firm may discontinue or limit intraday credit, which helps facilitate payment and settlement activity or may require prefunding of certain transactions. It is important for you to consider the potential impact of a resolution scenario or other material adverse event, including the need to (1) maintain sufficient funds with the Firm to prefund your payment and settlement activity; and/or (2) establish relationships with alternative payment or settlement providers, as applicable, who may continue to extend intraday credit and process transactions without a pre-funding requirement in such a scenario.

Generally, the Firm is not legally obligated to provide intraday credit or allow transactions without prefunding, and generally does so on a discretionary basis as an accommodation to its customers. Accordingly, absent any other obligation, in a potential resolution scenario or other material adverse event the Firm may discontinue or limit the provision of intraday credit or may require the prefunding of certain transactions, resulting in the suspension or rejection of unfunded transactions. In such circumstance, you will need to track and forecast your real-time cash availability in your payments and settlements accounts to ensure that adequate funds are available to meet your payment and settlement needs.

If you do not monitor intraday activity, you will need to either adjust your activity with us or ensure that your accounts have sufficient funds to avoid the need for intraday credit. In some cases, this may require pre-funding of gross payment and settlement obligations on the morning of the relevant transaction date, or earlier. Regardless of prefunding, payments and settlement of transactions might not occur until the end of the relevant transaction day.

If you have any questions regarding this notice, please contact your Client Service Account Manager.

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\(^1\) Section 165(d) of the Dodd-Frank Wall Street Reform and Consumer Protection Act requires that bank holding companies with total consolidated assets of $50 billion or more, including JPMC periodically submit a 'resolution plan' to the Board of Governors of the Federal Reserve System (Federal Reserve) and the Federal Deposit Insurance Corporation (FDIC). Each resolution plan, commonly known as a living will, must describe the company’s strategy for rapid and orderly resolution in the event of material financial distress or failure of the company, and include both public and confidential sections. JPMC submits its resolution plan to the Federal Reserve and FDIC annually and the public section is available on their websites. The resolution plan is not binding on a bankruptcy court or other resolution authority, and the failure scenarios and associated assumptions set forth in the resolution plan are hypothetical and do not necessarily reflect an event or events to which JPMC and its subsidiaries are or may become subject.